

## **PSC DENIES EMPIRE DISTRICT ELECTRIC INTERIM RATE REQUEST**

Jefferson City (March 8, 2001)---The Missouri Public Service Commission has denied The Empire District Electric Company's request to implement a two-step surcharge which would increase the annual electric revenues of the Company by approximately \$16.8 million for March through September 2001. The Commission determined, based upon a thorough review of the evidence presented, that Empire had not demonstrated that it needs interim relief.

Empire stated it sought immediate rate relief due to increases in natural gas prices and the projected in-service date of a new combined cycle generating unit (State Line Unit). According to testimony filed with the Commission, Empire projected that increases in natural gas prices would have a detrimental effect on Empire during 2001 before the new permanent rates (as determined in the Company's rate case before the Commission) would be in place. Empire testified that the proposed interim request was primarily based on Empire's expectation that the price of natural gas in the next several months would be higher than the price during the same period last year.

The PSC Staff and the Office of the Public Counsel filed recommendations with the Commission stating the request for interim rate relief should be denied. The PSC Staff noted that in order to meet the standard for interim relief, a utility must be facing an emergency or near emergency situation. Staff stated a utility must show that: 1) it needs the funds immediately; 2) the need cannot be postponed; and 3) that no other alternatives exist to meet the need but rate relief. Staff concluded in its recommendation that Empire had not presented a set of facts and circumstances that would support a grant of interim relief.

The Commission has determined that Empire has failed to meet the standard that interim rate relief is needed in order to meet the emergency or near emergency it faces. The Commission stated in its decision, "Empire does not allege that it is not earning a positive return, or that its earnings will be negative in the period before new rates are determined in Case No. ER-2001-299. Neither does Empire allege any risk that its ability to provide safe and adequate service will be impaired in that period. Finally, Empire does not allege inability to finance its operations."

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On November 3, 2000, The Empire District Electric Company filed a \$41.4 million (19.3%) electric rate increase case with the Missouri Public Service Commission. According to the Company, this would mean an increase of approximately \$10.51 a month for a residential customer using 700 kilowatt hours of electricity a month.

When the Company filed its rate request in November, it stated that a major component of the filing was the rising price of natural gas, which will be the major fuel source for the State Line Combined Cycle Power Plant near Joplin. That plant is currently under construction. Empire also stated the requested increase included costs associated with the construction of the State Line Plant.

The Missouri Public Service Commission will hold hearings beginning on **May 29, 2001**, in permanent electric rate case (ER-2001-299). Hearings, to be held in Room 310 of the Governor Office Building in Jefferson City, will continue through **June 8, 2001**, if necessary.

The Empire District Electric Company serves approximately 126,500 electric customers in the Missouri counties of Barry, Barton, Cedar, Christian, Dade, Dallas, Greene, Hickory, Jasper, Lawrence, McDonald, Newton, Polk, St. Clair, Stone and Taney.

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